Office of the Superintendent of Bankruptcy Canada
An Agency of Industry Canada

Bureau du surintendant des faillites Canada
Un organisme d'Industrie Canada

The Financial Guide

For Post-Secondary Students

Canada

OSB • BSF
Protecting the Integrity of the Insolvency System
Protéger l'intégrité du système d'insolvabilité

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About the OSB

The Office of the Superintendent of Bankruptcy (OSB) is the Government of Canada agency responsible for overseeing the *Bankruptcy and Insolvency Act* (BIA), and ensuring that the act is responsive to market needs. The OSB keeps a public record of all bankruptcies, proposals and receiverships. It sets standards and guidelines for bankruptcy trustees and ensures compliance.

Bankruptcy trustees work with individuals and companies who are faced with insurmountable debt. There are two basic options for debtors. A proposal may be filed with creditors to set up a repayment schedule. Or if this isn't possible, an application is made for bankruptcy protection under the BIA. In the case of a bankruptcy, the trustee sells a debtor's assets to pay creditors.

About Debtor Education

Debtor education is not part of the OSB's regulatory mandate. But it is one of our core values. We continue to seek innovative ways to educate people about the pitfalls of debt. For more information about dealing with debt, visit: www.osb-bsf.ic.gc.ca

We cannot however, put together such a publication without the help of others. We would like to thank all of those who provided input and comments. We truly appreciate their help. You will find many links to their Web sites in this document and we strongly encourage you to visit them. They all contain more indepth information on the subjects that we briefly covered in this booklet.

We would especially like to thank the Financial Consumer Agency of Canada (FCAC) for providing comments on our publication and for allowing us to use some of their material.

The FCAC is an independent body working to protect and educate consumers of financial services. The Agency was established in 2001 by the federal government to strengthen oversight of consumer issues and expand consumer education in the financial sector. The FCAC is responsible for overseeing the compliance of federally regulated financial institutions (banks, federally registered trust and loan companies and federally registered insurance companies) with the federal laws and regulations that govern them. The FCAC also informs and educates Canadians about financial products and services and about their rights and responsibilities as consumers of these products and services. It publishes a variety of informative brochures for Canadian financial consumers. To obtain a listing of these publications, or to receive any of the publications free of charge, you are invited to call the FCAC Consumer Contact Centre at 1-866-461-3222. To view these publications online, you may also visit the Agency Web site at the following web address: www.fcac-acfc.gc.ca

We would also like to thanks the Office de la protection du consommateur du Québec for their help. Created in 1971, the Office de la protection du consommateur du Québec has been an independent agency since 1980. It is their mission to ensure that consumer rights are recognized and respected. Socially speaking, the Office also targets more balanced consumer-merchant relations. Transactions on the consumer market are characterized by an imbalance in the information available to parties, the financial resources at their disposal and their technical and legal know-how. You can visit their Web site at www.opc.gouv.qc.ca

Post-Secondary Students

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Post-Secondary Studies: Starting off on the Right Foot

Today, post-secondary studies are an important part of the search and pursuit of independence and financial security. Receiving an admission offer from a post-secondary institution can be a rewarding as well as a nerve-racking experience. But don't get too caught up in the moment, because important decisions lie ahead of you, such as class schedules, education funding, housing choice, transportation and work. Whether you are a full-time or part-time student, you will have various decisions to make about different aspects of student life. Every choice entails options, some more advantageous than others. It is up to you to choose which ones will be best for you.

This guide presents various options. The goal is not to tell you what to do but rather to provide you with information to help you make decisions that are right for you and make your student life as enjoyable as possible.

This guide provides detailed information on the subjects that are summarized in the next few pages. Consult the sections that will help you. If you need further information, follow the links to other Web sites.

Managing Your Money

A budget establishes your expenses based on your revenue, so you don't go into debt. Think of budgeting as a management tool that will allow you to optimize your resources in order to reach your goals and satisfy your needs. Try this step-by-step budget plan:

Step 1: Evaluate your personal and financial situation

Step 2: Set financial and personal goals for yourself

Step 3: Establish a budget

Step 4: List your expenses

Step 5: Compare your budget with your real expenditures

Step 6: Do a follow-up of your financial situation and review your budget

Saving and Investments

We all hope to one day be able to save some money and have our money work for us. An investment is a place to put some money in hopes of gaining a profit or a return (investment income). At first glance, the investment world seems complex. This guide offers a straightforward look at the steps to making a good investment.

Step 1: What is your investment profile?

- Establish your financial goals

Step 2: Save

- Why save?
- How to save
- Interest rates on savings

Step 3: Where to invest

- Types of investments

Income Tax

Income tax is the contribution that everyone pays for the services and goods provided by the government. Income tax is imposed on the money you make during the course of a year. A percentage is deducted from every paycheque.

By accumulating all your tax deductions and by deducting them from your gross income, you obtain the amount on which you should be taxed. An income tax return is the amount that exceeds what should have been your contribution, therefore, what the government will have to reimburse you. As a student, you have a number of tax deductions available to you, which means that you will likely receive a full reimbursement. Therefore, think of income tax deductions as a savings account that compels you to save.

What Type of Credit is Best for You?

What type of credit is best for you? Compare the risks and the advantages of a student loan, a credit card, a line of credit, a personal loan, an instalment plan and a mortgage loan. Take a look at the different packages offered by financial institutions and analyze how interest can boost the total cost of your expenses.

Bank Accounts and Services

Whether you deal with a bank, a credit union or a "caisse populaire," this section will explain the main products and services offered by financial institutions. This section will give you the opportunity to further understand this world and to better protect, manage and even save your money. In order to save every dollar you have worked so hard to earn, you must compare savings accounts with chequing accounts and understand different service charges.

Tips on How to Save

Students are often on the lookout for ways to save money. Who doesn't want to make more with less? This section gives you practical tips regarding tuition, transportation, insurance and bank services to help you handle your money responsibly.

Employment

Being able to fully or partially support yourself financially is a sign of independence, resourcefulness, autonomy and maturity. Conquering this step allows you to move on to the adult world. This section will give you tips on what kind of student jobs are available and how to get hired. Learn about summer jobs and jobs during the school year.

Putting a Roof Over Your Head

Whether you are a part-time or full-time student, you will have a number of choices regarding housing. Each option has advantages and disadvantages. It is a question of choosing the best option for you. This section gives you some information about housing to help you make that choice.

This section examines the possibility of staying at home or moving out. For those who want to leave home, it explains the advantages and the disadvantages of dorms, apartments and boarding rooms. The guide offers tips on connecting your services, signing the lease and saving on living costs in an apartment.

Transportation

Transportation plays an important part in a post-secondary student's independence. Without it, how can you socialize, explore and discover the joys of student life? Take a look at how to fill the need for travelling during your studies. This guide can help you decide whether purchasing a car is the right choice for you. If so, take a look at our tips for financing and calculations for maintaining your vehicle, and then establish a budget for your vehicle. If you decide not to buy a car, look at the alternatives available to you.

Complain!

Being polite will get you far in life. But that doesn't mean you shouldn't complain if you are not satisfied with the goods and services you buy. Did you know that 96% of unsatisfied people do not complain and consequently do not fully get what they paid for?

If you are dissatisfied, follow these steps:

Step 1: Contact the salesperson, retailer or business.

Step 2: Contact the headquarters and address yourself to the customer services department.

Step 3: Contact the government offices and consumer organizations that apply to your situation.

Step 4: As a last resort, take legal action.

Fraud

No one is completely safe from fraud. Fraud includes false advertising, fraudulent telemarketing, multiple-level sales and pyramid sales, deceptive commercial practices and counterfeit money.

This section gives you an idea of the different types of fraud and practical tips on how to avoid being a target.

Test Your Knowledge

Once you have read the different sections and become a student finance expert, test your knowledge with the help of the quiz section. Fill out the questionnaire and compare your answers with ours.

Glossary

The terms used in finance and budgets are not always easy to understand. If you have trouble understanding some of them, consult this glossary: www.yourmoney.cba.ca/eng/glossary.cfm

Managing Your Money

udgeting — is there anything more tedious? Still, it's a necessary evil. But try to think of it as a way to squeeze more out of your money and reach your goals.

Why should you budget?

- In case of financial difficulty (loss of employment, falling behind in payments, etc.).
- To realize short- or long-term projects (purchasing a car, going on a trip, etc.).
- To better control your financial situation and to know where your money is going.

The basic principles of budgeting

The basis of budgeting is to establish your expenses according to your income. If you spend more than you have, you'll go into debt.

How to make a budget?

Planning a budget can be divided into six different steps.

Step 1: Evaluate your personal financial situation

First, take some time to evaluate your personal financial situation. Ask yourself the following questions.

- What are my needs?
- What are my attitudes to money?
- How are my finances today?

Step 2: Set financial and personal goals for yourself

Your goals will depend on your personal financial situation. Goals, or objectives, could include anything from purchasing a snowboard, to going on a trip, to moving into an apartment. The best way to reach your goals is to determine your short-term, mid-term and long-term goals, and place them in order of priority. This will allow you to create an action plan that will help you reach these goals.

Your objectives must:

- **be realistic**
  A student working part time cannot usually afford to buy a house for a few years.
- **be specific and measurable**
  I want to save $1,200 to go on a trip.
- **have a determined time frame**
  I want to pay off my car loan in three years.
- **establish the necessary actions to achieve your goals**
  I will transfer $100 per month from my chequing account to my savings account.

Work Sheet 1: Identify your objectives (page 7)
Work Sheet 2: Prioritize objectives (page 7)
Work Sheet 3: Find a way to reach your objectives (page 8)

Step 3: Establish a budget

Use the proposed template (page 10) to establish your budget. Plan your income and expenses for a period of one month. Try to be as realistic as possible in your budget estimates. Try to predict unexpected expenses in your budget. And do not forget your goals.

- There are a number of ways to establish a budget; it can be on a daily basis, a weekly basis or a monthly basis. Some budgets are very detailed, while others are less detailed. What is important is for you to find a budget that suits you. Do not hesitate to adapt this budget to your situation.
- To complete a monthly budget, you must convert your income and expenditures into monthly amounts. For weekly amounts, multiply by 4.3 (example: $55 for groceries per week x 4.3 = $236.50 per month).
- A budget item is a category of expenditures. For example, rent is a budget item, as are clothes.
- In your budget estimate, do not forget to consider certain big expenses such as moving, starting a new school year, buying presents, etc.

Avoid...

To make sure your budget works, be honest. Here are some things *not* to do when preparing your budget

- Forget or purposely reduce your expenses.
- Overestimate your income (it's better to be conservative).
- Use next month's income to balance this month's budget.
- Rely on your borrowing ability to make up a deficit.

Step 4: List your expenses

This is a very revealing step, although it can be disheartening. For a period of one month, list all your expenses, no matter how small. Then you will know where your money goes.

Use a small booklet to list your expenses. Here are a few more tips:

- Keep all your receipts.
- Use a chequebook to keep track of where purchases were made, the amount spent and what was purchased (food, clothes, leisure activities, etc.).
- Keep track of when you receive money, when you spend money and when bills have to be paid.
- Verify your credit card statements.
- Keep up-to-date records of your finances. Include cancelled cheques, receipts, credit card statements, etc.

Source: Canadian Bankers Association — Investing Your Dollar

Step 5: Compare your budget with your real expenditures

At the end of the month compare your budget established in step 3 with your expenses registered from step 4. In order to do this, fill in the third column ("real") of your budget. Comparing your estimated expenses with your real expenditures will tell you a lot about your financial situation. The difference between the two will indicate underestimated and overestimated budget items. You will then be able to make any necessary corrections.

Step 6: Do a follow-up on your financial situation and review your budget

Review and evaluate your budget regularly. Does your budget still allow you to satisfy your needs and reach your goals? Should you increase or decrease certain budget items? These adjustments should rectify or balance your financial situation. Your budget should be flexible: your needs, your values and your income change over time.

Back to the basics

- Establish expenditures according to income
- Make budget estimates that reflect reality and not your desires
- Be disciplined enough to keep track of all expenses for a certain period of time
- Have a flexible budget that can be adapted to any situation

What to do when you are running up a deficit

If, after completing your budget, it does not balance, here are few tips:

- Reduce your expenses. Certain budget items cannot be reduced, while others can. Fixed expenditures, such as rent, are difficult to reduce. However, variable expenditures (e.g., transportation) can sometimes be limited. Essential expenditures have to be distinguished from expenditures that can be delayed.
- Consult the Saving Tips section.
- Increase your income.

Would you like to know more?

- Get the brochure *Managing Money* published by the Canadian Bankers Association, available at no charge at: www.cba.ca.
- Different not-for-profit credit counselling organizations generally offer services in budget planning. Contact one in your region. Go to: www.creditcounsellingcanada.ca.
- Consumer associations also may offer some help. Check out the Canadian Consumer Handbook at www.consumer.ic.gc.ca/handbook

Work Sheet 1: Identify your objectives

Use this sheet to identify your objectives. These objectives can concern different aspects of your life, for example: family, leisure, work, school, finances, etc.

1 _____

2 _____

3 _____

4 _____

5 _____

6 _____

7 _____

8 _____

9 _____

10 _____

11 _____

12 _____

13 _____

14 _____

15 _____

Work Sheet 2: Prioritize your objectives

With limited resources, the reality is that you have to make choices about what you can and cannot afford. Use this sheet to prioritize your most important objectives from Work Sheet 1. Also, indicate whether they are short-, medium- or long-term goals.

1 _____

2 _____

3 _____

4 _____

5 _____

6 _____

7 _____

8 _____

9 _____

10 _____

Work Sheet 3: Find a way to reach your objectives

Now that you know what you want, you must determine how to get there. In fact, identifying and prioritizing your objectives is not enough. You need a game plan.

Objective 1 _____

What resources do I need to reach this objective?

_____

_____

_____

What can I do starting today to try and reach this objective?

_____

_____

_____

Objective 2 _____

What resources do I need to reach this objective?

_____

_____

_____

What can I do starting today to try and reach this objective?

_____

_____

_____

Objective 3 _____

What resources do I need to reach this objective?

_____

_____

_____

What can I do starting today to try and reach this objective?

_____

_____

_____

Objective 4 _____

What resources do I need to reach this objective?

_____

_____

_____

What can I do starting today to try and reach this objective?

_____

_____

_____

Objective 5 _____

What resources do I need to reach this objective?

_____

_____

_____

What can I do starting today to try and reach this objective?

_____

_____

_____

Student budget

Month of _____

Monthly Income		
	Anticipated	Real
Net income 1		
Net income 2		
Commission		
Bursary.		
Student loans		
Interest, dividends		
Tax return		
Child support or family allowance		
Parental contribution		
Other revenues		
Total monthly income	$	$

Monthly Expenditures		
Fixed expenditures	Anticipated	Real
Rent or mortgage		
Water		
Telephone		
Electricity		
Heating		
Cable or satellite		
Internet		
Loan reimbursement		
Savings		
Other		
Service contracts (housekeeping, etc.)		
Other		
Total fixed expenditures	$	$

Irregular Expenditures	Anticipated	Real
Tuition fees		
Taxes (municipal, school, water)		
Car insurance		
Vehicle registration		
Driver's licence		
Other insurance (life, health, home, etc.)		
Memberships		
Other		
Total irregular expenditures	**$**	**$**

Variable Expenditures	Anticipated	Real
Food		
Groceries		
Restaurant		
Convenience store/school cafeteria		
Transportation		
Gas		
Vehicle maintenance and repair		
Parking		
Public transportation		
Books and school supplies		
Clothes and accessories		
Laundromat and cleaning		
Health care		
Medical costs (medication)		
Dental care		
Personal care		
Personal hygiene products		
Haircuts		
Other		
Telephone (cellular or long distance)		
Furniture		

Leisure		
Alcohol and cigarettes		
Newspapers, magazines, books, DVD & videotapes		
Movie theatre, plays, etc.		
Sports (memberships, equipment, etc.)		
Music (instruments, CDs, etc.)		
Vacations		
Trips		
Other		
Pets (food, veterinarian, etc.)		
Gifts		
Donations and contributions		
Other		
Total variable expenditures	$	$
Total monthly expenditures	**$**	**$**

Total monthly income		**$**	**$**
Total monthly expenditures	–	**$**	**$**
Surplus or Deficit	=	**$**	**$**

Fixed expenditures

Fixed expenditures are the expenses that change very little.

Savings

In order to achieve your objectives, you must save. This is why it is important to consider savings as a budget item on the same basis as the others. Of course, not all students can save. However, remember that it is to your advantage to start saving early, even if it is a small amount.

Net income

The income indicated in your budget should always be your net income. Net income is your income after taxes and other deductions.

Student loans

Student loans are an important source of revenue for several students. Remember that student loans have to be paid back.

Variable expenditures

These expenses vary from one month to the other. In case of a cash crunch, it is these budget items that you might have to change.

Irregular expenditures

Certain expenses only occur a few times a year. That's why they are called irregular expenditures, even though their amounts may be predictable.

Saving and Investments

Who doesn't want to save some money and put that money to work? But it helps if you know how. Here are three basic steps to understanding the investment world.

Step 1: What is your investment profile?

An investment is a place you put your money in order to make more money. To make good investment decisions, start by determining what type of investor you are.

Determine your funds' accessibility (liquidity)

Everyone has different needs regarding getting a hold of their money. It depends on your personal situation. Before choosing the length or type of your investment, ask yourself if:

- Do I need my money soon? Or later?
- Does my money have to be easily accessible?

If you choose a long-term investment, where you will not touch your money for a long time, you will generally receive a higher interest rate than if you choose a short-term investment. However, if you need the money, you may not be able to have access to it. Think about your options, and especially, get informed!

Determine the level of acceptable risk

Certain investments are very secure, while others represent risks on all levels. The higher the level of risk, the higher your potential return will be. More secure investments generally offer less return but guarantee part or all of your investment. Ask yourself...

- What level of risk can I tolerate?
- What kind of gains am I looking for?

Budget

The amount of money that you can invest partly determines where you can invest it. Certain investments require a minimum amount. Get informed.

Did you know?

The savings rates of Canadians dropped from 16.7% of their income before taxes in 1984 to 0.4% in 2004.

Step 2: Save

Why save?

Unfortunately, people are saving less and less, even though savings offer numerous advantages:

- In case of an emergency, it is essential to have a nest egg. Life is full of surprises (e.g., automobile repairs, loss of employment, unexpected bills, etc.).
- To achieve your financial goals, it is important to plan and to save.
- Thanks to interest, savings allow you to make more money with your money. With loans, you pay to get money.

How to save?

Budget

To save, you must budget. To learn how, consult the Managing Your Money section.

Tips for saving

- Deposit a portion of every pay or allowance in a savings account instead of spending it entirely.
- At the end of each day, put all of your change in a jar and deposit the amount in a savings account once a month.
- Every time you receive unexpected money, deposit a portion in a savings account.
- Consult the Tips on How to Save for more information

Did you know?

You must take inflation rates into account before evaluating the real profitability of your investments.

For example: if interest rates are at 8% and the inflation rate is 6%, you are only earning 2% before taxes. However, if interest rates are at 5% and the inflation rate is 1%, you will earn 4% before taxes.

Interest rates on Savings

Interest on your savings can be calculated two different ways: simple interest and compound interest. Compound interest is more beneficial. Here's why.

Simple interest

Amount invested x Interest rate x Length of investment (in years) = Amount gained

Example:

- If you deposit $100 in a savings account with a simple interest rate of 5%, you will gain 5% in interest in the first year.
  $100 X 0.05 = $5
- After two years, you will have gained $10.
- Your account will continue to increase by $5 per year, regardless of the interest already accumulated.

Compound interest

Interest is paid on the initial amount plus the interest gained.

(Initial amount + Interest gained) x Interest rate x Length of investment = Amount gained.

Example:

- If you deposit $100 in a savings account with a compound interest rate of 5%, you will gain $5 in interest in the first year.
  $100 x 0.05 x 1 = $5
- With the compound interest, you will gain $5.25 in the second year.
  $105 x 0.05 x 1 = $5.25
  $105 + $5.25 = $110.25

Over the long term, compound interest makes a big difference.

Advantages of compound interest
$1,000 investment at different interest rates

Year	2%	5%	8%	11%
1	$1,020.00	$1,050.00	$1,080.00	$1,110.00
5	$1,104.08	$1,276.28	$1,469.33	$1,685.06
10	$1,218.99	$1,628.89	$2,158.92	$2,839.42
15	$1,345.87	$2,078.93	$3,172.17	$4,784.59
20	$1,485.95	$2,653.30	$4,660.96	$8,062.31
25	$1,640.61	$3,386.35	$6,848.48	$13,585.46
30	$1,811.36	$4,321.94	$10,062.66	$22,892.30
35	$1,999.89	$5,516.02	$14,785.34	$38,574.85

* This chart is presented as a guide only. It does not take into account the effects of inflation and taxes. Interest is paid yearly and reinvested.

Source: CBA — Investing Your Dollar (brochure)

In addition to showing the advantages of compound interest, this chart clearly illustrates the advantages of obtaining high interest rates. Higher interest rates can greatly increase your savings in the long run. However, higher risks are associated with higher interest rates. Shop around!

Step 3: Where to invest

Types of Investments

This chart describes different types of investments. Although it's not complete, this chart is an indication of the different possibilities available to you.

Investment	Description
Savings account	• Account with a financial institution. • Interest rates generally low. • High liquidity (easily cashable). • Very secure for short-term savings.
Term deposit or guaranteed investment certificate (GIC)	• Investment for a determined length of time in a financial institution (less than one month up to 10 years). • Available in multiple denominations. • Higher interest rates than savings account. • Very secure. • Funds are "frozen" for a fixed period of time. • Penalty if investments are cashed in before the due date.
Bonds	• A recognition of debt, certifying a loan to a government or company. • Available in multiple denominations. • Fixed interest rates for a determined period. • Large liquidity. • Quite secure.
Treasury bills	• Short-term investment (one month to one year). • No fixed interest rates, but rather a face value. • Bought at a discount (a lesser value than its face value), it is sold again at its face value at the expiration date. The difference between the two makes up the return. • Very secure.
Stocks (equities)	• Issued by corporations; investors partly become shareholders of the corporation by buying shares of the corporation. • Two principal types of shares: ordinary and preferred. • The level of stock prices and their return vary, there is no guaranteed revenue. • Easily accessible funds.
Investments funds (mutual funds)	• Portfolios of stocks, bonds and other investments managed by professionals. • Your money is pooled with the money of numerous other investors. • Allows small investors to have access to a large range of diversified investments. • Risk ranging from low to high. • Variable gains.

Tips

- The first rule of investing: get informed!
- Start early, and invest regularly even if the amount is very little.
- Make sure to understand the nature of the investment and its inherent risks.
- Evaluate whether or not the investment you are contemplating corresponds with your objectives and with your investment profile.
- Do not feel obligated to make a decision. Beware of sale tactics designed to force you to act hastily.
- Keep statements of all transactions.
- Beware of schemes guaranteeing rapid profit.
- Do not invest based on tips and rumours.
- Diversify your investments.
- Do not forget to review your portfolio regularly. For example, review your portfolio quarterly, every six months or at least once a year to ensure that it still meets your goals.
- If you are saving for a short-term goal like a home, computer or trip, stay away from risky investments that could lead to the partial or total loss of your money.
- When choosing a financial advisor, rely on the recommendations of friends or associates that you trust. You must feel totally at ease with your advisor. Request information on his/her history and the required fees.
- Learn how tax laws affect your investments, to maximize your return after taxes. Ask your financial consultant or accountant to help.

Would you like to know more?

- Get the brochure *Investing Your Dollar*, published by the Canadian Bankers Association, available free at: www.cba.ca
- Visit the Practical Money Skills Web site at: www.practicalmoneyskills.com
- Use the Daily Spending Calculator on Industry Canada's Office of Consumer Affairs' Web site at: www.consumer.ic.gc.ca/spending
- Take a look at the Investor Education Fund Web site at: www.investored.ca
- Consult your financial institution and do not hesitate to ask questions.

Income Tax

What is income tax?

ncome taxes are mandatory payments required from individuals by the government to cover general public interests — the services and goods provided by the government.

Income, such as your wages, is subject to direct tax. Indirect tax is imposed, for example, on the purchase price of goods and services. We will only deal with income tax, because you have a certain control over the application of that tax.

Income tax is imposed on the sum that you earn during the year. A calculated percentage is deducted at every paycheque based on what is believed will be your annual paycheque according to that pay period. For example, if you make $100 per week during the school year, taxes will be deducted from your paycheque based on an annual salary of $5,200. If you have a summer job where you earn $300 per week, you will be taxed as if you earn $15,600 a year.

The government has established certain standards to make the tax system as fair as possible. A rule of proportionality was implemented in order to ensure this fairness. One of the consequences is that we pay income taxes only on revenue exceeding a fixed amount.

What are tax deductions and income tax returns?

A tax deduction reduces the amount of the income that is taxable. For example, the fixed amount mentioned in the previous paragraph is reduced from your taxable income.

By accumulating all your tax deductions and by deducting them from your gross income, you obtain the amount on which you should have been taxed. An income tax return is the amount that exceeds what should have been your contribution. Therefore, it is what the government has to reimburse you.

What does being a student mean for your taxes?

As a student, there are a number of tax deductions available to you. Deductions vary from one province to another. Find out about the deductions available in your region by checking out the Canada Revenue Agency Web Site: www.cra-arc.gc.ca Here are a few examples of deductions that appear in a number of provinces.

- Tuition fees and textbooks
- Monthly expenses: $400 per month for a full-time student and $200 per month for part-time students.
- Moving fees (when you move at least 40 kilometres closer to your post-secondary institution)

Students often find themselves, without even knowing it, having to make an important choice regarding their finances and savings. At the beginning of every work contract, and every fiscal year, the employer must have its employees fill out a form indicating his/her address and his/her special situation if applicable. In addition, the fixed tax deduction is indicated. Based on this amount, the employee must indicate whether he/she wants taxes deducted from his/her income.

Due to the numerous deductions available and the generally low income of students, some students choose to have no income tax deducted from their income because they figure that the deductions will be large enough that they won't have to pay any income tax for the year. However, if the deductions are not sufficient, the students will have to pay taxes for the tax year by April 30th of the following year.

The other option is to accept that your income be taxed in accordance with the regular rules and to receive an income tax return (reimbursement) equivalent to your contribution's surplus. In the end, you will have received the same amount of money. The difference is when you receive it. If you have no income tax deducted, you receive your money at every paycheque. If income tax is deducted from every paycheque, you will receive a lump sum in the form of a cheque from the government after the government has processed your tax return.

The following sections will help you compare the advantages and disadvantages of these two options. Like all choices you face as a student, keep your personal situation in mind and make your decisions based on what is best for you.

No income tax deducted

What to do with the money you receive

Necessities

Obviously, if every dollar is budgeted for necessities, it is important to respect your budget. Expenses are predetermined and, once the budget is completed, there are not many choices to make about how money is used.

Investments

Investing is a good way to get a head start on future obligations for those who have more of a long-term plan and are able to invest some surplus income. However, it is important to keep things in perspective. It takes a lot of discipline for a student to take money that is available to him/her and invest it out of his/her immediate reach. Many choose to spend their money having fun. It's okay to have fun. This is part of student life. However, like in all other aspects of student life, you must budget and control these expenses.

This is why the best option, for those who can afford it, is to have income tax deducted from every paycheque and get reimbursed at the end of the year.

Having income tax deducted

Hidden Savings

Don't be under the impression that your "taxes are being taken away" when looking at the amount deducted from every paycheque. Instead, look at it as money going into a "savings account." It's a way to save without really noticing. As mentioned earlier, this amount will be reimbursed as a lump sum cheque after the government has processed your tax return.

What to do with your income tax return

Of course, you are free to do whatever you please with your income tax return. Students can use their reimbursement in different ways. A survey of post-secondary students revealed some of the ways their personal income tax returns are put to use:

- Tuition fees and student loans
- Credit card or personal line of credit
- Investment
- Purchases: trip, car, etc.

It is up to you how to determine the best way to spend these "hidden savings." Keep your needs and wishes in mind. Satisfy your needs first, then your wishes.

Beware of working "under the table"

Working under the table is when someone performs work without declaring his or her earnings, so there are no tax deductions. The Canadian income tax system relies on self-assessment, meaning that taxpayers are responsible for declaring their own income. Some people choose not to declare income that would otherwise be taxable. The government taxes the income of citizens in order to ensure the well-being of the population as a whole by providing them with essential services (e.g. police and fire services), adequate infrastructure (e.g. bridges, streets) and assistance to those in need (e.g. employment and welfare benefits). By choosing not to pay their share of taxes, people increase the financial burden that the rest of the population is left to bear while they take advantage of benefits offered by the government. In some ways, working under the table steals financial resources that should normally be redistributed to society.

What Type of Credit is Best for You?

There are now many different ways to borrow money. Study the different options in order to choose which one best suits your needs. This section will give you an overview of these options.

Some economic terms before starting

This section contains some basic terms that you must absolutely know in order to come to grips with your financial situation. Understanding interest and inflation will allow you to maximize your money.

What is interest? What is the rate of interest?

Interest is the cost of money. The rate of interest is the cost of using someone else's money. When it comes to interest rates, Canadians are pulled in two directions: people who save and invest their money expect a good return, while those who borrow money to buy homes, a car, or a business want the lowest possible interest rates. In other words, we are looking for the best of both worlds.

I'm shopping for a loan. What factors might affect the interest rate I will receive?

Term of the loan: This can have an important bearing on the interest rate you'll pay. First of all, rates vary for short- and long-term loans. Short-term loans — which vary from a day to a year — carry a lower interest rate because it is easier for the lender to predict future market conditions such as inflation and economic growth. Lenders tend to charge higher interest rates on long-term loans because they are taking a risk on future economic conditions. If they do no protect themselves against possible increasing interest rates set by the Bank of Canada, they could lose money on the long-term loan.

Risk: The more lenders expose themselves to risks (that is, the likelihood that the loan will not be repaid), the more they will require higher interest rates to compensate. They will ask you :

- What is your credit rating? Your credit rating is created as soon as you receive credit or apply for credit. Lending companies and credit card companies regularly send financial information to credit rating agencies about your credit transactions. These agencies compile this data, to be able to consult it in the future with your authorization. Your credit file is a history of your finances and your performance with respect to creditors. You receive a rating based on this history.

  You should request a copy of your credit file once a year to make sure that there is no mistake on your credit report. To request a copy of your credit report, contact the following credit-report agencies: Equifax Canada Inc (www.equifax.ca), Trans Union Canada (www.tuc.ca) and Northern Credit Bureau (www.creditbureau.ca).

  If you find an error or some inaccuracies on your credit report, you can contact the organization that provided the incorrect information and ask that they correct the error. If they refuse, ask about their complaint handling process if you want to contest their decision or call the Financial Consumer Agency of Canada toll free at 1-866-461-3222.

- What is your past record of borrowing and repayment?
- Have you always made your payments on time — including credit cards?

Inflation: This relates to the lender's concern with the change in the level of prices that may lie ahead. A general increase in prices across the economy is called inflation. That means that the same amount of money will be able to buy less. In other words, the purchasing power of money is reduced. For example, if a financial institution loans you $2,000 today and prices increase by 5% over the next year, the purchasing power of that $2,000 will be less when comes time to repay it a year later. In essence, you will be repaying cheaper dollars than the ones you borrowed. Lenders, therefore, build an assumed inflation rate into the interest rate you will pay.

You cannot influence some of the above factors. But it is an asset if you have a good credit rating.

How can I get the lowest rate of interest?

- Shop around to find the best rate for your needs.
- Do not be afraid to ask for a lower rate than is quoted. Remember that the posted loan rates are only guidelines. Your mortgage may provide your best opportunity for bargaining because it is a secured loan.
- If you are not happy with the rate your financial institution quoted, check around to see what other lenders are offering. Your alternatives include banks, trust companies, credit unions, caisses populaires, mortgage loan companies and government lending institutions.
- Maintain a good credit rating — pay back your debts and pay them on time. This could give you additional leverage when negotiating a loan.

Student loans

Student loans can be granted by governments or by financial institutions.

Possible benefits of a student loan

- Allows you to continue post-secondary studies.
- The government pays the interest on your loan while you are studying full-time. You repay the loan upon completion of your studies. The interest on your loan starts when you cease to be a full-time student.

Potential risks of a student loan

- At the end of your studies, you may have to deal with substantial study debts. This may delay other plans, such as travelling or buying a house.

Credit cards

Generally, credit cards allow you to make purchases, up to a specific credit limit, for which you will be billed at a later date. They allow you to transfer your balance from one billing cycle to another. Nevertheless, you must pay a minimum amount every month, and unpaid balances are subject to interest charges, based on an annual percentage rate or APR.

Possible benefits of a credit card

- Helps you create a credit history and earn a credit rating.
- Can be more practical than carrying cash.
- Allows you to borrow free of charge if you always pay the balance in full by the due date.
- Can offer incentives, such as reward points that you can use towards purchasing certain products.
- Allows you to pay conveniently for purchases made over the telephone or on the Internet.

Potential risks of a credit card

- Can lead you to spend more and drive you into more debt than you can handle.
- Can affect your credit rating if your monthly payments are late.
- Can carry conditions that are hard to understand.
- Is generally more expensive than other forms of credit like personal lines of credit or personal loans.

Which credit card best meets your needs?

Credit limits, annual fees, interest rates, grace periods and reward programs are some of the many factors that come into play in terms of credit card shopping. Some financial institutions also provide lower-rate and regular-rate credit cards specifically designed for students. The bottom line is that you should take time to shop around in order to choose a card that best suits your needs.

Credit Cards and You, from the Financial Consumer Agency of Canada (FCAC), compares over 200 credit cards in circulation in Canada in terms of interest rates, service fees, as well as reward and protection programs. Also included are tips on how to save money, on how to protect yourself against credit card fraud and how to get the most out of your credit card.

You can find *Credit Cards and You* on the FCAC Web site: www.fcac-acfc.gc.ca Or receive a free hard copy of this publication by calling the FCAC, free of charge, at: 1-866-461-3222.

Personal line of credit

Provided by financial institutions, this type of loan allows you to withdraw money, as needed, up to a maximum credit limit. You are charged interest from the day you withdraw money from your line of credit until you pay back the loan in full. The interest rate on a line of credit is usually lower than the interest rate applied for cash advances on a credit card.

Possible benefits of a personal line of credit

- Gives you the convenience of borrowing money whenever you need it: you do not have to reapply for loans.
- Offers flexible reimbursement methods.
- Offers lower interest rates than credit cards.

Potential risks of a personal line of credit

- Some people use this loan as a source of revenue.
- Can force someone into more debt than he/she can afford.

Personal loans

You can get a personal loan to buy a car, to buy furniture, to go on a trip, etc. You then use the borrowed amount as you wish. The amount, the rate and the conditions of reimbursement are fixed at the time of the contract. A personal loan is reimbursable in a predetermined time frame through monthly payments.

Possible benefits of a personal loan

- There are various options that allow you to obtain a loan to meet your needs.
- The loan is negotiable.
- You use the borrowed amounts as you wish.

Potential risks of a personal loan

- Since this loan is not linked to a specific purchase, if the goods are defective or if there is any other problem (e.g. the goods are not delivered), the loan must still be reimbursed.
- Can drive you into more debt than you are able to pay back if the loaned amount does not take into account your ability to repay.
- Increases your monthly obligations.

Instalment plans

Instalment plans normally apply when you make a significant purchase at a business. For example, you may purchase a television or a refrigerator but pay for it through monthly instalments, usually accompanied by a certain interest rate.

For this type of contract, the seller has ownership of the goods until they are paid in full, even though you are in possession of them. Therefore, if you miss a payment, the seller can demand that the goods be returned. Remember that in this type of contract, the merchant is responsible for accidental loss of the goods as long as you are not yet the owner.

Possible benefits of instalment plans

- The merchant is responsible for accidental loss of the goods as long as he/she is still the owner.

Potential risks of instalment plans

- They increase the total price due to the interest charges.
- The seller remains the owner of the goods until they are fully paid.
- They increase your monthly obligations.

Beware of "buy now, pay later" promotions

Several stores offer this type of promotion. You buy goods today, but pay nothing for one year, for example. This kind of advertisement usually does not indicate the consequences of not making payments on time. In fact, according to some store policies, interest starts to accrue on the date of purchase. This interest is cancelled if the person pays within the time limit. However, if someone pays after the time limit, he or she must pay interest for the whole period and interest rates are usually quite high!

For example:

- You buy electronic equipment worth $1,000.
- You do not pay within the one-year limit.
- The interest rate is 28.8%.

You will have to pay $1,000 plus the year's accrued interest. In addition, people who resort to this sort of agreement often do not have the means to pay off the goods at the time of purchase, nor do they have the means to do so in one year. Many possible events can change your financial status over such a long period of time, so be careful.

Mortgage

A mortgage is a long-term loan granted to an individual in order to buy a home. The home itself is given as a guarantee for the loan. There are different types of mortgage loans, such as open or closed, that offer variable of fixed rates and various options concerning the term, the payment frequency and the amortization period.

Possible benefits of a mortgage

- Allows you to purchase a home, which would be impossible without a loan.
- Offers favourable rates.

Potential risks of a mortgage

- Monthly payments are sometimes high.
- Because it is a long-term purchase, a change in household revenue could have a negative effect on your ability to pay it back.
- The home is given as a guarantee of the loan, meaning that in case of a nonpayment the home could be taken.
- The purchased property can easily cost double because of interest.

Would you like to know more?

- Consult the *Managing Your Money* brochure, published by the Canadian Bankers Association. It is available at no charge at: www.cba.ca
- Take a look at the Cost of Borrowing Calculator on Industry Canada's Office of Consumer Affairs' Web site at: www.consumer.ic.gc.ca/spending
- Use the Credit Card Costs Calculator at: www.consumer.ic.gc.ca/credit
- To choose the appropriate credit card, visit the Financial Consumer Agency of Canada at: www.fcac-acfc.gc.ca/fra/publications/ccc/0104/default_PDF.asp
- Consult your financial institution and ask questions! You can, among other things, get information about current interest rates depending on the loan type.
- The Financial Consumer Agency of Canada has developed mortgage loan-related tools such as a publication entitled *ABCs of Mortgages*, a calculator and a quizz. See the FCAC Web site: www.fcac-acfc.gc.ca You may also receive a free hard copy of *ABC's of Mortgages* by calling the FCAC free of charge at: 1-866-461-3222.

Bank Accounts and Services

Whether you deal with a bank, credit union or "caisse populaire," this section will explain the main products and services offered by these institutions. This section will help you understand this world to better protect, manage and save your money. In order to save every dollar you have worked so hard to earn, you must compare savings accounts with chequing accounts and understand the different service charges.

Bank accounts

Why use a bank account?

- **Safety:** A bank is a safe place to keep your money when you are not using it.
- **Savings:** A savings account is a way to save your money.
- **Earned interest:** On some bank accounts, the bank adds a sum of money called interest.
- **Access to a variety of banking services:** A bank account is not just a place to store money. Many people use banks to pay bills, to write cheques, to use automatic teller machines, etc.
- **Record keeping:** With a bank account, you can receive a statement of account to help you keep track of all of your withdrawals and your deposits.
- **Convenience:** It is easier to manage your money with a bank account with all its related services. Just think of bill payments and Interac payments.
- **A reference tool:** When you need financing, your bank account certifies that you manage your finances well.

Source : Inspired by the Canadian Bankers Association brochure Helping You Bank

Types of bank accounts

- savings account
- chequing account
- mixed account

All banks offer three main categories of accounts. Depending on the financial institution, the accounts will have different names. But whatever name is used, each type of account will have most of the same features. Look at these features and your personal needs to decide which suits you best.

Savings accounts

The bank usually pays interest on this type of account. It is possible for you to withdraw money when you wish. However, service charges may be higher compared to the other types of accounts. This type of account is a good choice if you do not need to use your money right away or if you do not intend to have much account activity.

Chequing accounts

Chequing accounts are specially designed for transactions. You can make in-branch withdrawals or get money at an automatic teller machine, by cheque or by direct payment. Chequing accounts usually have lower service charges. However, the interest rates are usually lower, if there are any. Open a chequing account if you wish to use it regularly for paying bills or personal expenses.

Mixed accounts

This type of account is part savings and part chequing. You can do chequing account transactions in addition to getting a certain interest rate. It is ideal if you want to save some money but you also want to keep some handy to cover day-to-day finances. For example, some institutions offer high-yield saving accounts allowing you to benefit from the flexibility of a chequing account while you earn some interest based on your bank balance.

Student accounts

Once you have chosen your type of account, you can also benefit from accounts that are specially adapted to certain clients. Among others, there are accounts with modest fees and accounts for children, students and seniors.

If you are enrolled in a post-secondary institution, you could qualify for a student package. These packages generally give students a whole list of services at a fraction of the regular price. This table, available on the Financial consumer Agency of Canada Web site, lists all the different student accounts offered by certain financial institutions and describes their cost and their content: www.fcac-acfc.gc.ca/Tools/CoB/PDFs/Table2.pdf

Bank services

Electronic banking services

Electronic banking services are being used more and more because they are convenient and economical. They allow you to complete various transactions.

- **Internet banking:** account transfers, bill payments, balance checking and account movements, credit and investment services.
- **Telephone banking:** account transfers, list of your last transactions, bill payments and account balance verification. In addition, by dealing with a bank representative, you can use credit and investment services.
- **Interac direct payment:** In-store purchases.
- **Automatic Teller Machine (ATM):** withdrawals, deposits, account balance verification, bill payments, account transfers, bankbook updates and access to your accounts through ATMs of other institutions.

Other bank services

Financial institutions offer numerous other services that can be of some use to you. For example, you can get traveller's cheques, foreign currency and insurance at these locations. In addition, as you probably already know, financial institutions offer a large variety of loans and investment options.

Did you know?

Fees can be a lot higher for consumers who do not use the right service option or who are not careful with the amount of transactions they do.

Service fees

Financial institutions may offer you numerous services when you open an account with them. You may have the option of carrying out banking transactions electronically, as previously mentioned, or through a bank branch. Fees generally need to be paid for these services according to how frequently they are used. Financial institutions offer service packages to their clients, to reduce frequent banking transactions-related costs. There exists a vast number of services specifically tailored to the needs of various clients.

As a consumer, it is important that you determine your banking behaviour in order to choose the service package that best suits your needs. By doing so, you will avoid paying extra fees for services you don't need. It is important that you visit various financial institutions to benefit from a service package that best suits your needs, for less. In order to help you in your decision, the Financial Consumer Agency of Canada has developed an interactive tool called the *Cost of Banking Guide*, which lists packages offered by most financial institutions in the country, including special packages for children, students and the elderly. Take a look at this tool by clicking on "Publications" on the FCAC Web site at: www.fcac-acfc.gc.ca You may also receive a hard copy of the publication free of charge by calling: 1-866-461-3222.

In addition to packages offered by financial institutions, the guide contains information on ATM fees, offers tips to consumers on how to save, and provides a checklist to help you figure out your needs.

ATM costs

Aside from independent operators, who operate ATMs not owned by financial institutions, most financial institutions charge extra fees, known as convenience fees, to non-clients who use their ATMs. These fees are added to Interac, also known as Network Access Fee, and regular account fees.

When you withdraw money from one of these ATMs, you may have to pay up to $4 in fees per transaction (meaning regular account fees + Interac fees + convenience fees).

To learn about fees related to various ATMs, including independent ATMs, please visit the table on ATM withdrawal fees on the FCAC Web site: www.fcac-acfc.gc.ca

Tips to help save money

- **Ask questions.** Your financial institution can help you in determine which package best suits you.
- **Shop around** for the most cost-effective package that best suits your needs. FCAC's Cost of Banking Guide can help.
- Depending on the service quality you receive (loans, investments, etc.) at your financial institution, you may be able to **negotiate** lower monthly fees for your package.
- **Use electronic and automated services** (Internet, telephone, ATMs, etc.) since they usually cost less than walk-in service.

Use your own financial institution's ATMs to avoid paying unnecessary fees.

If, to eliminate monthly fees, you choose a package that requires a minimal balance, **be sure you maintain that balance *at all times***. Even if the balance falls under the minimum for only a day, you will have to pay the monthly fee in full.

Try to **minimize** the number of transactions you make (one larger withdrawal can cost less than many small ones).

Source: Financial Consumer Agency of Canada

Would you like to know more?

- Visit the Financial Service Charges Calculator on Industry Canada's Office of Consumer Affairs Web site at: www.consumer.ic.gc.ca/bankfees
- Get the brochures *Helping You Bank*, *Getting Value for Your Service Fees* and *Safeguarding Your Interests* published by the Canadian Bankers Association. They are available for free at: www.cba.ca
- The Financial Consumer Agency of Canada Web site, www.acfc-fcac.gc.ca, is an excellent resource that provides pertinent information on banking service packages, such as low-cost accounts and specialized accounts, and service fees.
- Consult your financial institution and do not hesitate to ask questions.

Tips on How to Save

Students are often on the lookout for ways to save money. Who doesn't want to make more with less?

Here are some tips on how to save some cash:

Debts:

- Pay your debts on time. Interest charges add up quickly. You will save significant amounts of money by paying off amounts owing as quickly as possible.

Rebates:

- Always ask if there is a student rate.
- Keep an eye out for coupons and specials for restaurants, movies, shows, groceries, etc.
- Take advantage of rebates! The movies are cheaper on some nights, and perhaps your favourite restaurant offers 50% rebates on Thursday, etc.

Schooling:

- Always return your books on time at the library. That way you will not have to pay late charges.
- Buy your books second-hand.
- Sell school books that you do not use anymore.

Transportation:

- Check the billboards at your school for car pooling.

Food:

- Make a grocery list to avoid making unnecessary purchases.
- Shop for groceries on a full stomach.
- At the grocery store, buy no-name products. They are cheaper and often just as good.
- Prepare lunch at home whenever possible. You will save by not eating out every day. Make your meals ahead of time. If you know that you have something to eat at home, you will be less tempted to buy meals on your way home.

Insurance:

- Get information from your insurance company: some offer reduced rates for car insurance when the vehicle has theft prevention devices.
- If you have both car and house insurance, find out if your insurer offers reductions when you have more than one item insured with the same company.

Banking services user fees:

- Favour electronic and automatic services (Internet, telephone, ATM) at your financial institution.
- Reduce the number of operations you perform in order to minimize your service fees.
    - Make one big withdrawal instead of many small ones.
    - When you are paying with direct payment and the merchant allows for it, make a cash withdrawal at the same time.
- Avoid using ATMs other than the ones from your financial institution. You will avoid additional service charges. Private ATMs are particularly expensive to use.

Would you like to know more?

The www.canlearn.ca Web site offers a vast array of practical tips to help you save. It is an excellent reference.

Employment

Earning your own money

Personal finance is often a sensitive subject. However, the ability to fully or partially support yourself financially is a sign of independence, resourcefulness, autonomy and maturity. Financial support from parents may be an option for certain students, but financial independence is a step that everyone will have to take at some point in their lives.

Although there are numerous different loans available to you, it is also important for you to know that abusing them is a good way to get into debt. Loans are meant to fill the gap once you have combined your personal finances and contributions from your parents, if applicable. This section aims to help you find a job during your post-secondary education in order to lead you to financial independence or close to it.

This section begins with work during the school year, followed by summer employment. It will help you make the best decisions from a financial and experience perspective.

Tips before starting

First and foremost, it is very important to stress one point: Working during the school year is supposed to help you and should not harm your studies. Studies must come first! Do not sacrifice regular study or class hours for a job.

Of course, the ideal situation as a student would be to not have to work or to have a job that you really enjoy. However, sometimes we must balance the necessity of earning money against having our dream job when we are still students. A job can help pay for books, tuition fees, rent, as well as social activities.

Employment during the school year

Your current job

If you have the chance to stay at home during your studies, you may be able to keep your current job. By keeping this job, you avoid having to look for employment which, as everyone knows, can be quite nerve-racking.

There are, however, certain disadvantages in keeping the job you had in high school. The first disadvantage is the salary. Furthermore, you are limiting yourself in terms of experience and diversification. Today's employers attach importance to a candidate's acquired experience. It's beneficial for your resume to display a variety of jobs in diverse fields.

Working for your school

The administration of a post-secondary institution, depending on its student population, can require the participation of more than a hundred employees. What better opportunity for an institution to show that it has confidence in its programs than to hire its very own students? A number of positions are available to students with flexible hours and salaries.

Where to look: Generally, all students can apply for a position at the institution's placement office. You can also find some useful information by visiting the school's financial aid office or you can consult their Web site.

The private sector

There is generally a big market of private sector employers in a concentrated area around colleges and universities. The density of the student population means there is a demand for services that cater to students, and these services often rely on student staff.

There are advantages to earning your own money while gaining life and work experience. As students become more and more qualified, employers have no choice but to offer higher wages than employers who hire high school students. You might even have the chance to work nights or weekends, allowing you to concentrate on your classes during the week.

On the other hand, it is very likely that the private sector will be more demanding in terms of how many hours you have to work. The employer who hires and trains a student expects a certain level of commitment on your part. However, do not forget the real reason why you are in school: to study.

> **Where to look:** Visit different businesses in person and present yourself to the owner or manager. Bring a copy of your resume to leave behind. If the person in charge of hiring is not there, ask when would be the best time to meet with him or her.

Co-ops and internships

As mentioned before, employers attach more and more importance to the diversity that a candidate can offer. Therefore, there are various partnerships between post-secondary institutions and private companies aimed at hiring students for a determined period of time, called a co-op placement or an internship.

These internships generally last one semester, a period during which the student will work for the employer in question. Students are usually paid for their work during that period. Therefore, you can acquire experience, establish important contacts and possibly accumulate a significant amount of money since wages are generally reasonable.

Perhaps the down side to co-operative education programs is the fact that you usually do not get credits for the work term. Therefore, for every co-op session, you delay your graduation date.

> **Where to look:** The best place is your post-secondary institution. These programs are well administered and well managed. You will have to apply for the program, after which the administration will guide you through the hiring procedures.

Summer employment

Home for the summer

A certain number of students return home for summer to save money. Many of these students already have jobs waiting for them upon their arrival, which means they don't have to hunt for a job. For those who do not already have a job lined up, the steps for job hunting are the same as looking in the private sector during the school year. Simply present yourself at different businesses and offer your services for the summer. Try to find a job in a field that you will enjoy. After all, you will be spending most of your days there. Some jobs will have a relaxed atmosphere, while others, such as seasonal work, will be more arduous. It is up to you to determine which you will enjoy the most while still earning enough money.

Public service

Jobs within the public service are popular with students. Working for the government offers a number of different opportunities to students, such as part-time, full-time, summer or winter employment for the country's largest employer, the Government of Canada.

The public service offers a multitude of positions in a wide variety of fields. It offers good wages, regular hours for most positions, a chance to establish good professional contacts and the chance to explore the work world while being trained and gaining valuable experience.

> **Where to look:** The best way to post your candidacy is to register with the inventory of the Federal Student Work Experience Program (FSWEP) at: www.jobs.gc.ca Supervisors of the different governmental branches must choose candidates from the names found in the inventory.

Private sector

This topic was addressed in the **Employment During the School Year** section. The procedure is the same except for the fact that you do not have to worry about conflicts with your school schedule.

Placement agencies

Placement agencies have also gained popularity over the last few years. These agencies are private companies that other companies can consult to find candidates that fit certain criteria. The agency then refers the candidates, from its inventory, who meet the requirements set by the companies.

Putting a Roof Over Your Head

What about housing?

One of the biggest decisions you have to make once you are accepted into a post-secondary institution is where to live. Whether you are a part-time or full-time student, you will have a number of choices regarding housing. Each option has its advantages and disadvantages. It's a question of choosing the best option for you.

Some students live in university dorms, others in off-campus housing, or even in the family home. Today, post-secondary institutions and certain developers are well equipped to satisfy the multiple needs of students. It's up to you to choose among the numerous choices available.

Where can I live?

Living at home

You may choose to live at home during your studies, especially if you have family commitments or commitments towards an employer and if your school is not too far. You could decide that this is the most comfortable and, of course, the most economical choice available.

Universities now offer such a wide variety of courses and programs that it is more and more likely that the program of your choice will be offered by your local college or university.

Also, the Internet now makes it possible to earn a diploma or a certificate by studying at home.

Despite the numerous advantages of living at home, many students choose to leave home. Sometimes it is in search of independence or of a lifestyle in keeping with the post-secondary experience. Other times, in order to begin your studies in your chosen field, you must attend a college or university in another city. Whatever the reason, you will have to make important decisions to keep your finances on track.

Leaving home: leaving on the right foot

First and foremost, in order to make a good decision when deciding where to live, it is important to determine your financial capabilities by establishing a budget and evaluating what portion of it will be used for housing. By leaving home, you should expect to be paying between $3,600 and $6,000 in rent over 12 months. Remember that the cost of living in an apartment is not limited to rent. Do not forget additional costs like electricity, heating, telephone services, etc. Your budget should include: revenue, rent, service fees, transportation, groceries, social activities, etc. It is important to establish an order of priorities. For example, if you do not watch much television, there is no need to pay for cable. Regardless, inform yourself of the different costs and determine if the choice of housing fits into your budget.

Cost of housing

Rent _____

Heating _____

Electricity _____

Internet _____

Cable _____

Telephone _____

Washing _____

Groceries _____

Insurance _____

The choices

What are dorms?

Dorms, or residences, are buildings maintained and managed by colleges and universities entirely dedicated to student housing. A dorm can house dozens, hundreds and, in some cases, thousands of students from all over the world. These buildings often include furnished single or double rooms and common washrooms, meeting rooms, laundromats and, in some cases, kitchenettes that can be shared by a group of students. There are also dorms that offer meal plans. This is a big advantage as well as a relief for those who worry about making meals.

In many places, priority is given to first-year students for room choice. However, regardless of what year you are going into, apply without delay to ensure that a place is reserved for you. The dorm of every college or university has its own procedures for obtaining a room. Contact your school's housing services to learn more about the advantages offered by dorms.

If you wish to ask for certain special services, you will find that most dorms are equipped to handle different needs. However, the number of places available for people with special needs is limited. It's better to apply for these services when you apply for admission. Again, for more detailed information on the steps to follow, consult your school's housing services.

Renting off-campus

Another possibility is to rent an apartment off-campus. This option works if you're looking for independence and freedom. Consider renting an apartment with a group of friends or renting a room by yourself. Consult your school's housing services; they can help you find an apartment. There are often many apartments near campus.

Dorms vs apartments

When choosing housing, make your decision based on comfort, availability and financial capabilities. Leaving the family home comes with a feeling of independence and responsibility, but it can also have an emotional impact. Make sure you choose a place where you will feel at ease.

Life in a school dorm has advantages that allow those who are leaving home to adapt to an independent lifestyle without being hit with too many responsibilities:

- **Settling accounts:** Accounts are normally settled with one monthly payment in dorms. This payment includes all living costs, that is all bills, services, etc., are included in one bill. This monthly payment is paid to the dorm administration, who makes sure all services are included.
- **Maintenance:** Dorms are maintained by the school. You don't have to worry about maintenance or repairs.
- **Proximity to classes:** Dorms, in most cases, are very close to classes — usually a few minutes walk. This eliminates transportation costs and can make it safer to get home at night if there are other sutdents around or if your school offers a walk-home service.
- **Emphasis on student life:** Obviously, the post-secondary experience includes a social element. Life in a dorm allows for an easier integration with organized activities, introduction sessions and the simple fact of being surrounded by other students.
- **No lease to sign:** Generally, a dorm room is rented for four or eight months in accordance with the school year. This is a big advantage, because apartments almost always come with a 12-month lease. Students who live in an appartment but return home during the summer will have to find someone to sublet for the summer or have to pay even though they do not live there.

If you want a completely independent life along with more responsibilities, living off-campus is the choice for you.

- **Independence:** All maintenance and account management responsibilities are yours. However, these responsibilities also come with the freedom of choosing for yourself in order to shape your lifestyle the way you like it, while remaining within your budget.
- **Making it your home:** Living off-campus means you can maintain and decorate your place as you see fit, as long as the owner does not object. Making it your home gives you a sense of belonging and accomplishment.
- **Sharing fees:** Most students living in apartments have roommates. This presents the advantage of possibly sharing rent and other services (cable, telephone, etc.) which lowers the costs to each individual. Be careful when choosing a roommate. If that person does not pay his or her share of the rent, leaves or damages the premises, you could be solely responsible for paying amounts that are due or damages.

The Lease

A lease is a tenancy agreement in which the landlord and the tenant agree on the costs and the obligations concerning the premises. This agreement requires the tenant to pay the amount agreed on in the lease on the first day of every month and obligates the landlord to offer the housing described in the lease. It also ensures that the landlord follows the rules of the province and municipality. For example, the plumbing and the electrical system must be adequate.

The lease indicates the length of the rental agreement (determined or undefined), the name and the address of the landlord and the tenant(s), a description of the unit, the amount of the rent and the services included in the rent.

The lease must be signed by both parties, and copies must be distributed to each party.

Housing laws vary from one province to another. It is wise to consult the housing ministry in your province.

> Note: When signing a lease, you are bound by its conditions. It is difficult to free yourself of those obligations. Be certain that you are ready to accept. On the other hand, the same applies to the landlord; who must also respect his or her obligations. That is why it is important to keep a copy of the agreement in case of a dispute or a disagreement.

Searching for an apartment

Looking for an apartment can seem like a long and difficult process. However, there is a large variety of services and sources available to make this task easier.

If your choice is to live in dorms, only the school administration and its housing services manage the rent of its units. As mentioned earlier, because places are limited, it is better to contact them as early as possible.

If you want to live off-campus, you will have to start searching for what will eventually become your very own palace. There are a number of sources to help you in your search:

- Personal contacts: Friends, family or anyone who might know someone or know of places to rent.
- Newspapers: Many landlords post advertisements in local newspapers indicating available units with the number of rooms, prices and contact information. This is often a good way to find an apartment because all you need to do is make a phone call and an appointment to visit the unit.

- Posters: Many are put up by people looking for roommates or subleasees. Look for notice boards around campus and at local businesses.
- The post-secondary institution's housing services: All of these services have information banks made up of available units off-campus. Many of these institutions even own several buildings off-campus that can be rented only to its students.

Tips

When you are looking for housing, it is essential that you ask several questions and that you get well acquainted with the location before committing yourself. Visit the apartment during the day and bring a parent or a friend to get his or her opinion. Always turn the tap on to make sure there is running water. Open a window to make sure that it is not stuck. Here are some examples of questions you can ask:

1. How long is the lease?
2. What is the average cost of the utilities (heating, hydro, cable)?
3. Is the apartment warm?
4. Are the household appliances included?
5. Is it a safe, noisy or busy community?
6. Who else lives in the building? Are they students, retirees, office workers, etc.?
7. Where can I do laundry?

Request that the locks on your unit's door be changed before you move in.

Moving

Obviously, the easiest way to move is to hire a moving company. This involves the least amount of work but it is also the most expensive. Rates depend on the amount of rooms, the number of things that need to be moved and the travelling distance.

However, if you have to travel a long distance, it would be wise to consider this option since moving companies are insured and equipped to meet your needs. Many of them even offer student rates, something you can ask for when ordering the service.

If you choose to consider moving services, reserve a vehicle in advance, especially if you are moving in July or September.

- For more information about moving, visit Industry Canada's Office of Consumer Affairs' Web site at: www.consumer.ic.gc.ca/moving

The alternatives

The most economical way, if possible, is to move yourself or with the help of friends and family. Getting help from them can also serve as an occasion to get together. If you have friends that will also be moving, you can each take your turn at helping one another move so everyone gets help.

If you are willing to do the work yourself but you do not have the required vehicles or equipment, there are several truck and trailer rental companies. Once again, rates depend on the travelling distance and the duration of the rental. Rates are usually lower on weekdays and higher on the first day of the month. It's possible to save some money if you can move when it will cost less. Keep in mind that in order to rent a truck or a trailer you have to be at least 25 years of age or older. One of your parents may have to rent and drive the vehicle for you.

Service connection

Once you have decided where you will be living, you must choose the utilities and services you want and get in touch with the different companies offering them.

- **Electricity:** This service is more of a need than a choice. Do not forget that hot water, and some heating systems, use electricity.
- **Heating:** This is also a necessity. Ask the landlord what kind of a heating system is used in the building and which company is the supplier.
- **Telephone:** Today, many people have cellular phones. But most people still have a regular telephone. Work out how the bill will be paid with your roommate(s).
- **Cable:** Some students think that cable is not important to them. Either they don't expect to watch television regularly or they prefer spending their money elsewhere. This is a personal choice.
- **Internet:** Most post-secondary institutions have computer laboratories with Internet connections available to students. If you do not order Internet access at home, you will still have access to it. But once again, it is a personal choice and you might decide that it would be more convenient to have Internet access in your room or apartment.

Warnings

- In order for everything to be in place when you move in, make sure to order all the services you want at least two weeks before the moving date.
- When opening an account for heating, electricity and telephone services, the companies often require a deposit of approximately $100. This amount will be credited to you when the account is closed.
- You can always add or eliminate services. If you realize something is missing, you can always contact the company. However, if you have signed a contract and you want to cancel a service, you will probably have to pay a penalty fee.
- It is very important to pay your bills on time. The supplier has the right to cut off your services without notice if you wait too long to pay for them.

Tips on how to save on service costs

Heating often represents up to 50% of residential energy consumption. This is a good place to save. Here are some tips:

1. When leaving the apartment, lower the heating to about 17 degrees, turn off the lights and make sure to turn off your appliances (computer, television, etc.).
2. Windows are the source of 20% of heat loss. Make sure they are closed properly and that they are well insulated. Ask the owners to install a plastic film along the windows during the winter months.
3. Wash your dishes by hand instead of using the dishwasher.
4. Hot water is responsible for another 20% of your bill. Avoid taking long showers too often.

Transportation

How to get around

Transportation plays an important part in a post-secondary student's independence. Without transportation, how can you socialize, explore and discover the joys of student life? There are many different transportation choices available to you, depending on where you live. In order to help you analyze your options and make the best decisions, please read the following while keeping your personal situation in mind. Transportation decisions can be separated into several small choices that arise from one big decision: to buy or not to buy a car.

Buying or leasing a vehicle is a major expense. You must know your needs well and evaluate if purchasing a vehicle is one of them. Determine if a vehicle is so important that you are willing to sacrifice a good portion of your financial resources for one.

Buying a vehicle

Before making your decision, create a budget

Financing

Once you have decided to buy a vehicle, you have a number of decisions to make. The first step in purchasing a vehicle is not choosing the colour, the engine or the tire size. First and foremost, you must prepare a financial plan to determine what you can afford.

There are various ways to finance your vehicle purchase. The different options can even be combined to maximize the available resources. Here are some examples:

- **Personal contribution:** savings, scholarships, gift money, etc.
- **Instalment plans:** When the dealership or individual selling you the vehicle allows you to pay in several payments. In order to take advantage of instalment plans, it is preferable to have a fixed income in order to ensure timely payments.
- **Credit, car loan:** You can get a loan application from your financial institution. If you do not have a past credit file, someone else may have to co-sign. This means that if you miss a payment, this person will become responsible for the debt. Dealerships often offer loans with a lower interest rate than banks. Both have their own regulations concerning the guarantee of payments.
- **Line of credit:** This is a form of a credit limit already established (e.g., $5,000) that you use through your bank account (when it does not have the necessary funds). You use it whenever you like, therefore, it does not have a specific purpose and a predetermined payment schedule. In general, a line of credit has a lower interest rate than credit cards. It is possible to pay the interest only or to pay a fixed or variable amount.

Note: Credit purchasing and a line of credit allow you to spread out the payback, but interest increases the total amount of the purchase. Remember that until the vehicle is paid for in full, the bank, the dealership or a collection agency can seize the vehicle if you miss a payment.

Additional costs to consider

When the time comes to decide what portion of your budget you want to dedicate to your vehicle, you have to look beyond purchase or lease prices. There are numerous additional costs that some students forget to include in their calculations. To minimize potential problems, take the following factors into consideration before buying or leasing a vehicle.

- **Insurance:** This is the biggest extra expense to purchasing a vehicle. What's more, premiums for people under the age of 25 are generally a lot higher. However, certain insurance companies look for a clientele that will be loyal to them for years to come and offer reduced prices for students.

  It is very important to shop around to find the best premium and the best plan for you. Consult your parents' insurance company but do not hesitate to check out several Internet sites, make calls, get different appraisals. Insurance companies are fighting with each other for your business, so even if insurance rates are generally high, you can still find adequate coverage at a reasonable price.

- **Licence:** The annual fee for an automobile licence and registration depends on the province or territory you live in.

- **Maintenance:** This also represents a considerable expense. It includes oil changes, regular tire rotation, brake replacement, muffler and battery maintenance, etc. Under environmental protection regulations, every vehicle is now subject to an emissions test, at the owner's expense.

- **Gas:** Nowadays, you have to take the increasing price of gas into consideration. It represents a major expense that is unavoidable when you own a vehicle.

- **Parking:** Parking can be another major expense unless you have the luxury of having parking included with your rent or if a friend lends you a parking space at his/her place. Parking can range from $25 to $100 per month, depending on the area and city you live in.

- **Unexpected costs:** It is always wise for a car owner to keep a provisional fund. Put a certain amount of money aside each week or every month for unexpected expenses that could occur. You cannot predict accidents, tickets, vandalism, etc. So it's good to have a safety net to avoid a financial mess.

Example:

Vincent is a second-year student at a university in Quebec. He would like to buy a used vehicle for approximately $10,000. He used $2,000 of his own savings and has obtained, with the help of his father, a personal line of credit of $8,000 at a rate of 6.5%. His objective is to repay the vehicle in four years. He will have to make monthly payments of $189.75. Because of interest, the total cost of the vehicle will increase by $1,108.

Vincent will have to make additional regular monthly payments:

Gas: $35, two times per month = $70
Insurance: $1,600 per year = $133.33
Parking: $50

In addition, he will have unexpected or irregular expenses:

Oil change: $35 every 5,000 kilometres (three months)
Licence: $80 per year
Wear and maintenance (tires, brakes, wipers): $300 per year

On average, Vincent will have to spend $486.42 per month for four years in addition to his initial payment of $2,000.

Re-evaluate: Do you really want to invest this kind of money in a vehicle and risk getting into debt or missing out on other activities related to student life?

Three ways to get wheels

Before you start shopping, make a budget by taking all expenses into consideration, and know your price limit. It is very important to remain under that price limit and to avoid the temptation of getting a vehicle or an offer that is attractive but is too expensive for you.

Compare the advantages and disadvantages of buying a new car versus a used car, and examine the option of leasing. The age and the ownership of a vehicle have a huge impact on the price, the maintenance costs and the market value.

You have three choices or ways to buy a vehicle: purchasing a new car, leasing a car or buying a used car. Examine these options, then evaluate which one is best for you from a comfort and financial point of view.

New vehicle

Remember that a car is not an investment. Quite the contrary — it is a depreciating asset. The instant you leave the dealership with your new car, it loses 10% of its value. During the first year, it will depreciate by approximately 30%!

In addition, people are rarely able to purchase a new car with cash — even fewer students are able to do so. You must take a considerable loan over a relatively long period of time with interest rates that will only increase the total cost. Also, remember that insurance premiums are higher for new cars because of the high repair costs in case of accidents or vandalism.

The advantages are that you get a car that is most certainly in good condition and you have the luxury of getting a guarantee from the manufacturer for a certain period of time. Once paid, you own the vehicle and you can benefit from it as much as you like until it is damaged or until you decide to sell it. You will have a means of transportation and some equity, but it is a costly expense to undertake during your studies.

> **Where to look:** The only place you can go to buy a new car is at a dealership. It is very important to visit many places in order to find the best vehicle and the right price for you. Try out the vehicle on the road, and before making your choice, make sure that you feel at ease with the car.

Leasing

Leasing requires that you only pay the depreciation of the vehicle. At the end of the lease, you return the vehicle. The owner (the dealership) can than sell it and retrieve the remaining value of the car and you have no more payment obligations up until you decide to buy a car or lease another one.

At the beginning of the lease, the dealership takes the value of the vehicle and calculates the depreciation it will sustain during the term of your lease contract. What is left is called the remaining value of the vehicle. The calculated wear is then distributed in equal monthly payments throughout the term of the contract, which is usually of about 36 or 48 months.

Beware! The depreciation is calculated on a normal-usage basis. The lease agreement indicates the average number of kilometres that you are allowed to travel in a year. Every additional kilometre will result in extra charges. Most dealerships charge $0.12 per kilometre. For example, if you are allowed to 20,000 km per year (60,000 km for three years) and you travel 25,000 km per year (75,000 km in three years), you will pay an additional $1,800 charge.

The big advantages of leasing are that you get a new car and you can take advantage of the manufacturer's guarantees without having to pay the price of a new car.

The disadvantages are that you are not the owner of the vehicle and you do not own the car at the end of the contract. In addition, if you were not careful about the mileage, you can find yourself paying a heavy additional charge.

> **Where to look:** Again, leasing is available through car dealerships. Shop around! Do road tests, and even wait for sales since these are fairly common for car leases.

Used vehicles

When we think of used cars, we sometimes think of a rusty car on the verge of breaking down. It is true that cars like these exist, but today's used cars are often very reasonable and even nearly new. Choosing a used car is often the best choice for a student because it is so much more affordable than a new car. You will also save on insurance premiums. You can purchase a car that is almost new without having to meet the depreciation cost. Remember that a vehicle loses 30% of its value after just one year.

Here are some justifications for used cars:

Thanks to regulations and standards concerning safety and environment, among others, used cars are now more trustworthy than they once were.

Some are still protected by the guarantee of the manufacturer.

With communications technology, you can easily retrace a car's history to make sure that you are the lawful owner.

Many dealerships offer lower financing rates for used cars.

Negotiations are often done in a more friendly and less stressful manner when you buy from an individual. You must however take extra precautions when dealing with an individual.

1. Verify that you are dealing with the true owner.
2. Have the vehicle thoroughly inspected by a certified and independent garage.

No matter who you buy a vehicle from, always conduct a road test and make sure that you are very comfortable with your choice. It is your money and it will be your responsibility. Get an opinion from someone who knows about cars. Don't let yourself be pressured and don't make forced decisions.

Where to look: Visit used car dealerships. At new car dealerships, ask about formerly leased vehicles; they are still fairly new and not as expensive.

Consult the classifieds for sales by individuals. There are also flyers created especially for selling used cars.

Note: There is more room to negotiate, so take advantage of the situation to make a well-informed decision that is best for you.

The alternatives

There are numerous alternatives to getting a car. The biggest advantage is that none of them require a major financial commitment on your behalf. Here are the most popular examples:

Public transportation

If you are lucky enough to live in an area that offers public transportation, you have a great advantage. Whether you take the bus or the subway, public transportation is often easy to access and is available at a low cost. Schedules are often posted on the Internet, so you can set your schedule. It's a great way to get around, and it's much cheaper than owning a car.

Car pooling

Car pooling is an effective alternative to public transportation. Several Web sites have been set up to help you find car pooling opportunities. These sites include databases of people offering car pooling services. Use a search engine on the Internet to find a site for your area. The following Web site is an example of sites that provide car pooling services for Canadians: www.carpooltool.com/en/my.

Cycling, inline skating and walking

For those who live close to their most common destinations or for those who enjoy being outside, cycling, inline skating and walking are the cheapest and healthiest ways to get around.

Occasional car rental and taxis

Not buying a vehicle means that you will not have fixed payments and the financial responsibility of taking care of a vehicle. In theory, this means that you should have money to occasionally take a taxi or to rent a vehicle for a few days.

Would you like to learn more?

- Use the Lease or Buy Calculator for vehicles on Industry Canada's Office of Consumer Affairs' Web site at: www.consumer.ic.gc.ca/spending
- Visit the Automobile Protection Association at: www.apa.ca
- To learn more about driving costs, visit the Canadian Automobile Association at: www.caa.ca/e/automotive/driving-costs.shtml
- For a comparison of the cost of buying a new versus a used vehicle, visit: www.desrosiers.ca/pdfs/2002/2002-12.pdf

Complain!

Very few consumers complain when they are dissatisfied. However, companies now know how much customer satisfaction is important. You have everything to gain by expressing your dissatisfaction in an attempt to obtain compensation.

Did you know?

As many as 96% of unsatisfied customers do not complain.

Step 1: Contact the salesperson

Contact the salesperson, retailer or business when you have a complaint about the goods or services that you bought.

- First, give the merchant a chance to solve the problem.
- If there is a complaints department in the establishment where you made the purchase, use it. If not, talk to someone in authority, such as a manager. A face-to-face discussion is best. Be firm and businesslike, but polite. Calmly and accurately describe the problem and what you want the company to do to solve it.
- Request specifics as to how and when something will be done, and get the person's name in case you will have to refer to this conversation later on. Write down any details of your complaint and keep it in a file. Make sure that your notes are dated.
- If a personal visit does not produce satisfactory results, write a letter (see sample letter below) to someone higher up, such as a general manager or the owner. Provide all the details of the problem, the efforts you made to resolve it, and tell him or her what you want. Send a copy to the manufacturer, and be sure to keep a copy of your letter.

Step 2: Contact the headquarters

If you still have a problem, ask for the telephone number of the company headquarters and contact the customer service department.

Step 3: Contact government offices and consumer organizations

If that does not work, contact the government offices and consumer organizations that apply to your situation. If you do not know where to start, call the government office of consumer affairs where you live. For a complete list in your area please visit the Canadian Consumer Handbook at www.consumer.ic.gc.ca/handbook

Step 4: Take legal action

Taking legal action should be your last resort. However, if you decide to sue, remember that there are often time restrictions on filing lawsuits. You may wish to check with a lawyer about any statutes that may apply to your case.

Among possible legal actions, there is small claims court and class action lawsuits.

Practical Tips

- Always keep a file of important information. Include the sales receipts, repair orders, warranties, cancelled cheques, contracts and any letters you have written to or received from the concerned company.
- **Don't wait.** You may lose your money or your right to claim damages if you wait too long.

- Always check the exchange or the return policy before you buy.
- If you have any problems with your financial institution, contact the Financial Consumer Agency of Canada at: 1-866-461-3222. All federally regulated financial institutions, such as banks, are required to have in place a complaint handling process. This process is designed to achieve a resolution to diputes occurring between consumers and their financial institutions.

Sample complaint letter

(Date)

(Your Address)
(Your City, Province, Postal Code)

(Name of Contact Person, if available)
(Title, if available)
(Company Name)
(Consumer Complaint Division, if you have no contact person)
(Street Address)
(City, Province)
(Postal Code)

Re: (account number, if applicable)

Dear (Contact Person):

On (date), I (bought, leased, rented, or had repaired) a (name of the product with serial or model number or service performed) at (location).

Unfortunately, your product (or service) has not performed well (or the service was inadequate). I am disappointed because (explain the problem: for example, the product does not work properly, the service was not performed correctly, I was billed the wrong amount, something was not disclosed clearly or was misrepresented at the time of sale, etc.).

To resolve the problem, I would appreciate your (state the specific action you want — money back, charge card credit, repair, exchange, etc.) Enclosed are copies (do not send originals) of my records (include receipts, guarantees, warranties, cancelled cheques, contracts, model and serial numbers, and any other documents).

I look forward to your reply and resolution to my problem, and will wait until (set a time limit — usually ten working days is sufficient) before seeking help from a consumer protection agency or Better Business Bureau. Please contact me at the above address or by telephone at (home and/or office number with area codes).

Sincerely,

(your name)

Enclosure(s)
cc: (reference to whom you are sending a copy of this letter, e.g. product manufacturer)

Source: Canadian Consumer Handbook

Tools

The Canadian Consumer Information Gateway offers a tool called the "Complaint Courier" to guide you through the complaint process. Check it out at www.complaintcourier.ca

Fraud

redit card fraud totalled about $200 million in Canada in 2003, according to the RCMP. Debit card fraud is not far behind at about $150 million per year and thieves are becoming very creative. This type of fraud affects us all. This section will give you a good idea of the different types of fraud to look out for and practical tips to avoid being a target.

Did you know?

In 1998, law enforcement organizations and other organizations received over 10,000 complaints about telemarketing fraud.

Types of Fraud

Here are some of the different types of fraud to look out for:

- false advertising
- fraudulent telemarketing
- multi-level marketing and pyramid schemes
- deceptive business practices
- fraudulent electronic commerce
- mail fraud
- counterfeit money

Here are some products or services frequently used by thieves:

- loans for prepaid expenses
- pseudo-contests
- working from home
- fraudulent magazine subscriptions
- credit file cleaning
- false weight loss programs

Consumer tips

Be aware of the most common signs of fraud. Walk away from offers that seem too good to be true, because they usually are. Toss out the mail or hang up the phone when you see or hear the following:

- Sign now or prices will increase.
- You have been specially selected...
- You have won...
- All we need is your credit card (or bank account) number for identification purposes only.
- All you have to pay for is postage, handling, taxes...
- Make money in your spare time — guaranteed income.
- Be your own boss! Never work for anyone else again. Just send in $50 for your supplies and...
- A new car! A trip to Hawaii! $2,500 in cash! Yours, absolutely free! Take a look at our...

- Your special claim number entitles you to join our sweepstakes.
- We just happen to be in your area and have toner for your copy machine at a reduced price.

Remember the smart consumer always looks at the total price and checks out the credibility of the company and the product before buying.

Stay away from telemarketers who want to do the following:

- Send a courier for your money.
- Send money through electronic channels.
- Automatically withdraw money from your chequing account.
- Offer you a free prize but charge you shipping and handling fees.
- Ask for your credit card number, chequing or savings account number, social insurance number or any other personal information.
- Get payment in advance, especially for employment referrals, credit repair or providing a loan or a credit card.
- Have you join a pyramid or multiple sales scheme.

Protecting your social insurance number (SIN)

A SIN gives access to a wealth of personal information about a person. It is reserved for income tax returns, meaning that only certain departments and a limited number of organizations have the authority to require this number and gain access to it. Hesitate if you are asked to give out your SIN.

Did you know?

Some credit card issuers offer "zero liability" on unauthorized transactions.

Security Tips

Credit cards, automatic teller machines and direct payment can be very practical. However, do not forget that there is occasional fraud with these services. To avoid being a victim, follow these tips:

10 good ways to protect your credit cards

These may seem like simple tips. But, remember that by ignoring them, you are only encouraging the illicit use of your cards.

1. Never leave your credit cards unattended at work. Many credit cards are stolen at the workplace.
2. If your credit card gives you access to an automatic teller machine, protect your personal identification number (PIN) or secret code. Memorize it; do not keep it on a piece of paper.
3. Never leave your credit cards in your car's glove compartment. Many credit card thefts are committed in motor vehicles.

4. Every time you use your card, make sure it is your card that is handed back to you after payment.
5. During trips, always keep your cards on you or in a safe place.
6. If your card is lost or stolen, immediately notify the issuer. Most credit card fraud cases occur a few days following the actual loss or theft of the card.
7. Sign your cards as soon as you get them. Also, do not forget to destroy cards that you no longer need in order to prevent anyone else from using them.
8. Make a list of your credit cards and their numbers. This information is important when reporting lost or stolen cards.
9. Always verify your monthly statements. Make sure that all the transactions were made by you.
10. Never reveal your card number by phone unless you are dealing with a reliable company. Watch over your credit cards like you watch over your cash.

10 security tips for direct payment and Automatic Teller Machines:

1. Review your bank booklet and your bank account statements regularly in order to spot any missing or additional transactions. Notify the bank of any error immediately. An error could be a sign that your account is being skimmed.
2. Your debit card (your ATM card) gives you access to your bank account(s). Keep it in a safe place and do not lend it to anyone under any circumstances, not even to friends or relatives.
3. In order to complete a debit transaction or to use an ATM, you must have your debit card and your personal identification number (PIN). Your PIN is your electronic signature. Avoid writing it down anywhere. Memorize it!
4. When choosing your PIN, avoid using information that is too obvious such as your name, your phone number, or your date of birth.
5. Under no circumstances should you divulge your PIN. An employee of a financial institution, a police officer or a shopkeeper will never ask you for your PIN. You are the only person who must know it.
6. Do not complete an ATM transaction unless you feel safe. Otherwise, postpone your transaction or go to another teller window.
7. To complete an ATM transaction, form a screen with your hand or body. This will prevent anyone from seeing you enter your PIN.
8. After an ATM transaction, do not forget to take your card and receipt, if applicable. If you complete an ATM withdrawal, count your bills and pocket them immediately. Notify the bank of any error.
9. If your card is lost, stolen or held by an ATM, immediately advise your financial institution. Most financial institutions offer a 1 800 telephone service or 24 hour service for these requests.
10. Thefts at an ATM are very rare. However, should this happen to you, do not forget that your safety always comes first. Always inform the police and your financial institution of the incident.

Would you like to know more?

- To protect yourself from debit card fraud, visit Industry Canada's Office of Consumer Affairs' Web site at www.consumer.ic.gc.ca/debitfraud
- For information on identity theft, visit www.cmcweb.ca/idtheft
- To test your vulnerability to fraud take the Fraud Quiz in the problems and complaints section of Consumer Connection www.consumer.ic.gc.ca
- Visit the Royal Canadian Mounted Police (RCMP) Web site: www.rcpm-grc.gc.ca This site describes most recent scams, counterfeiting and telemarketing fraud.
- For more information or to report telemarketing fraud, visit the PhoneBusters Web site: www.phonebusters.com
- The Financial Consumer Agency of Canada (FCAC) offers some tips on how to protect yourself from unauthorized credit card transactions. FCAC also offers some tips to consumers who are victims of unauthorized credit card transactions. To learn more, please consult the guide entitled *Credit Cards and You*, under "Publications", in the FCAC Web site at: www.fcac-acfc.gc.ca You may also receive a free hard copy of this publication by calling the FCAC, free of charge, at: 1-866-461-3222.

Test Your Knowledge

True or False

1 ____ The budget planning process begins with evaluating your personal financial situation and determining your personal and financial objectives.

2 ____ A good goal can be achieved in a determined period of time.

3 ____ A good way to create a budget is to set a monthly budget.

4 ____ To balance this month's budget, you should use next month's revenue.

5 ____ A budget should be evaluated and adjusted regularly.

6 ____ The best way to complain is to be aggressive.

7 ____ All bank accounts are the same and do not vary from one financial institution to another.

8 ____ All ATM transactions cost the same, no matter what financial institution you use.

9 ____ You need a lot of money to be able to invest.

10 ____ In terms of savings, it is better for you to get compound interest than simple interest.

11 ____ Credit card and debit card thieves only target people with large incomes and large sums of money in their bank accounts.

12 ____ If you have the choice, it is better not to have income tax deducted because the tax return will be less than the accumulation of deductions that you had on every paycheque.

13 ____ The services that you order belong to you, and the suppliers cannot disconnect them for nonpayment.

14 ____ Late rent payments have no impact on your credit rating.

15 ____ Available housing is pretty much all the same, so it's useless to do a thorough search.

16 ____ You have an obligation to pay your rent on time to the landlord, and he/she has the obligation to give you access to the apartment and to ensure that he/she is in accordance with the security regulations of the province and the municipality.

17 ____ Before shopping for a new or used vehicle, you must establish a budget for your vehicle expenses.

18 ____ The interest rates on a car loan or instalment plan increase the total amount that you have to pay for the vehicle.

19 ____ Used cars are all rusted and bound to break down.

20 ____ Certain financial institutions and insurance companies offer reduced rates for students.

Post-Secondary Students

Multiple choice

1. What is an unexpected expenditure?

   A. Its amount varies from one month to the other.
   B. It occurs only a few times during the year, but its amount is predictable.
   C. It is the expense that you must reduce in case of financial difficulties.
   D. It occurs every month and its amount is fixed.

2. Which of these is a fixed expenditure?

   A. Tuition fees.
   B. Rent.
   C. Groceries.
   D. All of the above.

3. What is the use of listing your expenses?

   A. To know where your money goes.
   B. To keep your files up to date.
   C. To plan your budget.
   D. All of the above.

4. What is the basis of budget planning?

   A. Realizing your wishes.
   B. Savings.
   C. Balancing expenses and revenues.
   D. None of the above.

5. What is the last step of the budget planning process?

   A. Compare your budget with your real expenditures.
   B. Predict the actions to be taken to reach your objectives.
   C. Evaluate your personal and financial situation.
   D. Do a follow-up on your financial situation and revise your budget.

6. What is the first step to undertake when you want to complain?

   A. Contact the salesperson.
   B. Take legal action.
   C. Contact government offices and consumer organizations.
   D. None of the above.

7. For those who don't expect to make numerous transactions per month, which of the following bank account would be best?

   A. Savings account.
   B. Chequing account.
   C. Line of credit.
   D. Joint account with parents.

8. Which of the following will increase the costs of managing your money the most from a banking point of view?

   A. An online transaction from your chequing account.
   B. A transaction at a private ATM.
   C. A transaction from your chequing account at your financial institution's ATM.
   D. A transaction from your chequing account at another financial institution's ATM.

9. Your savings and investment objectives should be:

A. Realistic
B. Specific and measurable.
C. Of a determined length.
D. Composed of actions to undertake to reach these goals.
E. All of the above.

10. What type of investment represents the highest risk level?

A. Savings account.
B. Fixed term deposits or guaranteed investment certificates (GIC).
C. Corporate bonds.
D. Stocks.
E. None of the above. All investments have the same risk level.

11. Fraud includes:

A. Multiple-level sales and pyramid sales.
B. Disloyal commercial practices.
C. Credit card and debit card fraud.
D. False publicity.
E. All of the above.

12. When leaving the family home, you should expect yearly rent to be around:

A. $1,000 – $2,000
B. $2,000 – $3,500
C. $3,600 – $6,000
D. $6,200 – $10,000

13. Which of the following is not an advantage for dorms over apartments.

A. Account settlement is made in one payment to the post-secondary institution.
B. No obligations of a prolonged lease.
C. Common location maintenance is done by the building personnel.
D. Every room has its own private bathroom.

14. Choose the advantages that living in an apartment has to offer over living in dorms.

I. Independence and complete liberty.
II. You can make it your very own home.
III. You can split the costs of connection services.
IV. The landlord has to wash your dishes.

A. I and II
B. I and IV
C. III and IV
D. I, II and III
E. All of the above.

15. Which of the following will not allow you to save on your utility bills.

A. Lowering the temperature (heating) when leaving the apartment.
B. Making sure windows are well insulated during the winter.
C. Washing your dishes yourself in the sink instead of using the dishwasher.
D. Warming up by taking long showers many times a day.

16. Regc ding loans, which of the following does not influence interest rates.

A. The length of the loan.
B. Your parents' income (if they don't garantee your loan).
C. Risk
D. Inflation rate.

17. Extra costs to buying or leasing a car include:

A. Insurance
B. Gas
C. Maintenance
D. All of the above.

18. During the first year after purchase, a new car's depreciation can reach:

A. 5%
B. 13%
C. 22%
D. 30%

19. What is one of the risks in leasing a vehicle?

A. You must pay for every kilometre exceeding the amount indicated on the contract.
B. The car still belongs to the dealership, which can retrieve it when it wants.
C. Cars available for leasing are often those with problems.
D. A new car depreciates. Therefore, you pay a large amount for premiums in the first year of the lease, and then the price decreases.

20. One of the advantages of buying a used vehicle instead of a new one is:

A. You can get a fairly new car without having to meet the costs of the depreciation.
B. You get a more affordable vehicle that may even be more luxurious as well as more powerful.
C. Many dealerships offer lower financing rates when you buy a used car.
D. All of the above.

Answers

True or false:

1. True	5. True	9. False	13. False	17. True
2. True	6. False	10. True	14. False	18. True
3. True	7. False	11. False	15. False	19. False
4. False	8. False	12. False	16. True	20. True

Multiple choice:

1. (B) It occurs only a few times during the year, but its amount is predictable.
2. (B) Rent
3. (D) All of the above.
4. (C) Balancing expenses and revenues.
5. (D) Do a follow-up on your financial situation and revise your budget.
6. (A) Contact the salesperson.
7. (A) Savings account.
8. (B) A transaction from a private ATM.
9. (E) All of the above.
10. (D) Stocks
11. (E) All of the above.
12. (C) $3,600 to $6,000
13. (D) Every room has its own private bathroom.
14. (D) I, II and III.
15. (D) Warming up by taking long showers many times a day.
16. (B) You parents' income (if they don't garantee your loan).
17. (D) All of the above.
18. (D) 30%
19. (A) You must pay for every kilometre exceeding the amount indicated on the contract.
20. (D) All of the above.